How food and beverage companies leveraged the great recession: lessons for the COVID-19 pandemic

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The COVID-19 pandemic might present opportunities for transnational food and beverage companies to further consolidate their power within global markets. Some companies, for example, seem to be currying favour of governments, civil society organisations and communities by handing out free ultraprocessed products to the food insecure through heavily branded philanthropic initiatives. Other companies have used the pandemic to forge stronger alliances with government and civil society actors, which may water down or even silence criticism about the negative health impacts resulting from the consumption of their products, particularly ultraprocessed ones. This was epitomised by the WHO Foundation’s recent decision to accept funding from Nestlé, despite Nestlé’s ongoing breaches of the WHO Code of Marketing of Breastmilk Substitutes. The company’s donations for COVID-19 aid even got a ‘thank you’ from WHO on social media.

One need look no farther than the last global crisis, the 2007–2008 Great Recession, to understand the food and beverage industry’s behaviour during the COVID-19 crisis. It is notable that the top three publicly traded food and beverage companies emerged from the Great Recession more globally dominant than before it. The Coca-Cola Company reported $28.857 million in 2007 revenues compared with $46.542 million in 2012 (inflation-adjusted US dollar). Moreover, PepsiCo reported $39.474 million in 2007 and $66.504 in 2012. Meanwhile Nestlé maintained its revenues while consolidating its position as the global market leader.

Our examination of 66 company reports (annual reports and corporate social responsibility reports) and documents (such as those posted on the United Nations Global Compact website) from Coca-Cola, PepsiCo and Nestlé reveals that they used common and successful strategies for leveraging the Great Recession.

First, all three companies leveraged the Great Recession to deepen corporate incursion into low-income and middle-income countries (LMICs). These companies emphasised that the crisis increased the prices of raw materials and volatility in national currencies, and undermined consumer confidence and purchasing power, thus leading to decreased demand for food products. However, compared with other economic sectors, foods and beverages were appreciated as staple commodities, as Coca-Cola noted: ‘That is the beauty of our business: no matter the time of day or the business climate, people will be thirsty and The Coca-Cola Company will be there to refresh them’. Companies focused on leveraging economies that experienced limited impacts during the Great Recession: India, China, Latin America and Africa. Nestlé’s ‘unmatched geographic presence meant that we were able to ride the wave of recovery in emerging markets, whilst benefiting from the resilience of North American consumers’. Nestlé also developed ‘popularly positioned

Summary box

The COVID-19 pandemic presents opportunities for transnational food and beverage companies to further consolidate their power within global markets.

The top three food and beverage companies, Coca-Cola, PepsiCo and Nestlé, emerged from the Great Recession more globally dominant than before it.

Food and beverage companies leveraged economies in low-income and middle-income countries, which experienced more limited impacts from the Great Recession, and positioned themselves as partners to government and civil society.

Transnational food and beverage companies appear to be deploying similar strategies since the beginning of the COVID-19 pandemic.
products’ in smaller individual packages that cost less for the consumer than traditional products sold in Europe and North America.\textsuperscript{13}

Second, Coca-Cola, Nestlé and PepsiCo positioned themselves during the Great Recession as partners to government and civil society; this was especially true during the economic recovery period. Nestlé emphasised the need for such partnerships, with ‘economic, social and environmental challenges that we face today [being] too complex to be tackled by one organisation alone’.\textsuperscript{15} As unemployment rates rose, standard hiring practices were recast as charitable actions in service of economic growth,\textsuperscript{16} with Nestlé claiming to have ‘a positive impact on human rights by creating and supporting economic activity—helping people live to an acceptable standard by ensuring fair wages, working hours and working conditions’.\textsuperscript{15}

The world’s largest food and beverage companies seem to be following Sir Winston Churchill’s advice: ‘Never let a good crisis go to waste’. These companies are using the same response to the current pandemic because it has worked for them in the last economic crisis, the Great Recession. van Schalkwyk and colleagues noted that ‘the exploitation of disasters by those in powerful positions is not a modern phenomenon’.\textsuperscript{1} Coca-Cola, PepsiCo and Nestlé today remain among the world’s largest companies.\textsuperscript{6} Coca-Cola promised its shareholders in July 2020, in the context of the pandemic: ‘we will emerge stronger. We will win more consumers, gain share, maintain strong system economics, strengthen our impact across our stakeholders and equip our organization to win in the future’.\textsuperscript{17}

Large food and beverage companies, many founded in the late 19th and early 20th centuries, have continued to expand despite, or perhaps because of, a long history of punctuated crises. Using Klein’s theory of disaster capitalism,\textsuperscript{18} we predict that the recovery period from the COVID-19 pandemic (as well as future crises) will be exploited as an opportunity for food and beverage companies to (1) increase the consolidation of market share within a few transnational companies, (2) fuel the penetration of ultra-processed products into LMIC markets, and (3) improve public relations and build strategic alliances with governments and civil society actors who might otherwise not collaborate with the industry.

Since the beginning of the COVID-19 pandemic, transnational food and beverage companies have deployed strategies similar to those used during the Great Recession. One possible difference might be the current, heavy investments in corporate philanthropy (also called ‘corporate social responsibility’) across the globe, which was less pronounced in the past.\textsuperscript{13} As some countries are now reaching a phase of economic recovery, transnational food and beverage companies will likely continue to call for such partnerships with governmental and non-governmental organisations.\textsuperscript{13} More so than at other times, the public health community should redouble its efforts to anticipate industry actions through counter-strategies that buffer population health into the future, particularly in LMICs.

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\textbf{Contributors} MM is a food engineer with a PhD in nutrition. She conducts research on the political practices of the food and alcohol industries. She conceived the study, led data collection and analysis and the drafting of the manuscript. She is the guarantor of the article. IP is a clinical psychologist by training and a public health researcher. She has experience working on the business practices of the alcohol industry in the Americas. LS is a professor of health policy who works on the social determinants of health and lifestyle risk factors, such as alcohol and poor diet, which influence chronic disease and health inequality. IP and LS made a substantial contribution to data analysis and revised the manuscript critically for important intellectual content. The corresponding author attests that all listed authors meet authorship criteria and that no others meeting the criteria have been omitted. Our sources of information include company reports (annual reports and corporate social responsibility reports) and documents (such as those posted on the UN Global Compact website) from the top three publicly traded global food and beverage companies (Coca-Cola, Nestlé and PepsiCo).

\textbf{Funding} This study was funded by the University of North Carolina at Chapel Hill (UNC), USA, with a grant from Bloomberg Philanthropies. The authors are solely responsible for the opinions, hypotheses, and conclusions or recommendations expressed in this comment, and they do not necessarily reflect UNC’s vision.

\textbf{Competing interests} None declared.

\textbf{Patient consent for publication} Not applicable.

\textbf{Provenance and peer review} Not commissioned; externally peer reviewed.

\textbf{Data availability statement} Documents were retrieved from publicly available, online sources—but not a single repository.

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